

Consolidated Balance Sheets

The Kiyo Bank, Ltd. and its consolidated subsidiaries

As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Assets:			
Cash and due from banks	¥ 67,208	¥ 60,183	\$ 670,806
Call loans and bills bought	20,751	95,525	207,121
Pledged money for securities borrowing transactions	103,081	144,066	1,028,859
Commercial paper and other debt purchased	6,395	7,654	63,830
Trading account securities	2,860	12,913	28,550
Securities	923,906	821,836	9,221,540
Loans and bills discounted	2,264,622	2,103,444	22,603,282
Foreign exchanges	1,512	2,225	15,094
Other assets	47,730	18,829	476,402
Tangible fixed assets	40,246	40,300	401,702
Intangible fixed assets	3,542	2,428	35,357
Deferred tax assets	32,107	29,389	320,467
Customers' liabilities for acceptances and guarantees	25,355	28,297	253,072
Reserve for possible loan losses	(41,616)	(45,896)	(415,378)
Total assets	¥3,497,703	¥3,321,200	\$34,910,704
Liabilities:			
Deposits	¥3,234,400	¥3,088,586	\$32,282,667
Call money and bills sold	2,304	—	23,000
Deposits received for securities lending transactions	18,287	4,328	182,526
Borrowed money	22,466	22,495	224,234
Foreign exchanges	62	19	624
Bonds	16,000	16,000	159,696
Other liabilities	51,394	20,531	512,971
Accrued employees' severance and retirement benefits	1,621	3,089	16,186
Accrued directors' retirement benefits.....	84	—	840
Reserve for reimbursement of deposits	552	—	5,515
Provision for contingent loss	77	—	778
Deferred tax liabilities	—	29	—
Deferred tax liabilities for land revaluation.....	230	282	2,300
Acceptances and guarantees	25,355	28,297	253,072
Total liabilities	3,372,837	3,183,660	33,664,409
Net assets:			
Preferred and common stock	80,096	80,096	799,449
Capital surplus	32,357	32,357	322,958
Retained earnings	25,687	18,234	256,383
Total shareholders' equity	138,140	130,688	1,378,790
Net unrealized gains (losses) on available-for-sale securities ...	(14,814)	5,145	(147,865)
Net deferred losses on hedging instruments	(0)	(3)	(7)
Land revaluation excess	340	416	3,397
Total valuation and translation adjustments	(14,475)	5,558	(144,475)
Minority interests.....	1,200	1,292	11,980
Total net assets	124,866	137,539	1,246,295
Total liabilities and net assets	¥3,497,703	¥3,321,200	\$34,910,704

Consolidated Statements of Income

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Income:			
Interest income:			
Interest on loans and discounts	¥49,699	¥41,009	\$496,048
Interest and dividends on securities	12,477	12,349	124,540
Other interest income	1,377	983	13,751
Fees and commissions	13,080	12,116	130,557
Other operating income	7,101	5,524	70,878
Other income	6,336	5,714	63,241
Total income	90,072	77,698	899,015
Expenses:			
Interest expenses:			
Interest on deposits	9,609	3,322	95,916
Interest on borrowings	685	622	6,844
Interest on payables under securities lending transactions ...	368	1,122	3,676
Other interest expenses	785	1,987	7,841
Fees and commissions	3,998	3,529	39,910
Other operating expenses	6,154	6,894	61,428
General and administrative expenses	37,198	34,708	371,280
Other expenses	22,212	12,964	221,705
Total expenses	81,013	65,151	808,600
Income before income taxes and minority interests	9,058	12,546	90,415
Income taxes:			
Current	579	819	5,781
Deferred	(1,251)	2,443	(12,493)
Minority interests in net loss	34	4	343
Net income	¥ 9,765	¥ 9,287	\$ 97,470
Net income per share:			
Basic	¥13.45	¥14.35	\$0.134
Diluted	—	—	—

Consolidated Statements of Changes in Net Assets

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2008 and 2007

	Millions of yen			
	Shareholders' equity			
	Preferred and common stock	Capital surplus	Retained earnings	Total
Balance at March 31, 2007	¥80,096	¥32,357	¥18,234	¥130,688
Changes during year:				
Cash dividends			(2,389)	(2,389)
Net income			9,765	9,765
Reversal of land revaluation excess.....			75	75
Net changes in items other than shareholders' equity.....				
Total changes during year	—	—	7,452	7,452
Balance at March 31, 2008	¥80,096	¥32,357	¥25,687	¥138,140

	Valuation and translation adjustments					
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Land revaluation excess	Total	Minority interests	Total net assets
Balance at March 31, 2007	¥ 5,145	¥(3)	¥416	¥ 5,558	¥1,292	¥137,539
Changes during year:						
Cash dividends						(2,389)
Net income						9,765
Reversal of land revaluation excess						75
Net changes in items other than shareholders' equity	(19,959)	2	(75)	(20,033)	(92)	(20,125)
Total changes during year....	(19,959)	2	(75)	(20,033)	(92)	(12,673)
Balance at March 31, 2008	¥(14,814)	¥(0)	¥340	¥(14,475)	¥1,200	¥124,866

	Millions of yen			
	Shareholders' equity			
	Preferred and common stock	Capital surplus	Retained earnings	Total
Balance at March 31, 2006.....	¥64,346	¥ 6,509	¥16,921	¥ 87,778
Changes during year:				
Issuance of stock.....	15,750	15,750		31,500
Cash dividends *			(7,999)	(7,999)
Net income			9,287	9,287
Increase due to merger		10,097	34	10,132
Reversal of land revaluation excess.....			(9)	(9)
Net changes in items other than shareholders' equity.....				
Total changes during year	15,750	25,847	1,312	42,910
Balance at March 31, 2007	¥80,096	¥32,357	¥18,234	¥130,688

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Total		
Balance at March 31, 2006	¥3,611	¥—	¥ —	¥3,611	¥1,225	¥ 92,615
Changes during year:						
Issuance of stock.....						31,500
Cash dividends *						(7,999)
Net income						9,287
Increase due to merger						10,132
Reversal of land revaluation excess						(9)
Net changes in items other than shareholders' equity	1,533	(3)	416	1,946	66	2,013
Total changes during year....	1,533	(3)	416	1,946	66	44,924
Balance at March 31, 2007	¥5,145	¥(3)	¥416	¥5,558	¥1,292	¥137,539

* Appropriation of retained earnings approved at the ordinary general meeting of shareholders held on June 2006.

	Thousands of U.S. dollars			
	Shareholders' equity			
	Preferred and common stock	Capital surplus	Retained earnings	Total
Balance at March 31, 2007	\$799,449	\$322,958	\$182,003	\$1,304,410
Changes during year:				
Cash dividends			(23,848)	(23,848)
Net income			97,470	97,470
Reversal of land revaluation excess.....			758	758
Net changes in items other than shareholders' equity.....				
Total changes during year	—	—	74,380	74,380
Balance at March 31, 2008	\$799,449	\$322,958	\$256,383	\$1,378,790

	Valuation and translation adjustments					
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Land revaluation excess	Total	Minority interests	Total net assets
Balance at March 31, 2007	\$ 51,355	\$(30)	\$4,154	\$ 55,479	\$12,901	\$1,372,790
Changes during year:						
Cash dividends						(23,848)
Net income						97,470
Reversal of land revaluation excess						758
Net changes in items other than shareholders' equity	(199,220)	23	(757)	(199,954)	(921)	(200,875)
Total changes during year....	(199,220)	23	(757)	(199,954)	(921)	(126,495)
Balance at March 31, 2008	\$(147,865)	\$ (7)	\$3,397	\$(144,475)	\$11,980	\$1,246,295

Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 9,058	¥ 12,546	\$ 90,415
Depreciation	4,945	4,868	49,359
Impairment loss on fixed assets	248	292	2,484
Amortization of negative goodwill	(24)	(34)	(242)
Investment income on equity method	—	(43)	—
Decrease in reserve for possible loan losses	(4,280)	(7,591)	(42,719)
Decrease in accrued employees' severance and retirement benefits.....	(1,467)	(1,464)	(14,651)
Increase in accrued directors' retirement benefits.....	84	—	840
Increase in reserve for reimbursement of deposits	552	—	5,515
Increase in provision for contingent loss	77	—	778
Interest income	(63,554)	(54,342)	(634,339)
Interest expenses	11,449	7,054	114,276
Losses on securities transactions	7,351	1,346	73,377
Losses (gains) on foreign exchange transactions	1,356	(5,447)	13,541
Losses (gains) on disposal of fixed assets.....	66	(117)	667
Net decrease (increase) in trading account securities	10,052	(11,586)	100,337
Net increase in loans and bills discounted	(161,178)	(106,259)	(1,608,724)
Net increase in deposits	145,813	187,002	1,455,375
Net increase in due from banks (excluding cash equivalents) ...	—	(1,000)	—
Net decrease (increase) in call loans	76,031	(13,548)	758,874
Net decrease (increase) in pledged money for securities borrowing transactions	40,985	(134,060)	409,077
Net increase (decrease) in call money	2,274	(41)	22,707
Net increase (decrease) in deposits received for securities lending transactions.....	13,959	(69,901)	139,328
Net decrease (increase) in foreign exchange assets	713	(198)	7,124
Net increase (decrease) in foreign exchange liabilities	42	(9)	426
Interest received	65,007	54,758	648,838
Interest paid	(8,222)	(5,879)	(82,069)
Other, net	(4,645)	477	(46,365)
Subtotal	146,701	(143,178)	1,464,229
Income taxes paid	(877)	(372)	(8,762)
Net cash provided by (used in) operating activities	145,823	(143,550)	1,455,467

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash flows from investing activities:			
Purchase of securities	(564,610)	(489,780)	(5,635,398)
Proceeds from sales of securities	356,064	364,701	3,553,891
Redemption of securities	76,213	119,725	760,687
Purchase of tangible fixed assets	(2,196)	(1,196)	(21,924)
Proceeds from sales of tangible fixed assets	50	1,386	505
Purchase of intangible fixed assets	(1,863)	(520)	(18,596)
Net cash used in investing activities	(136,342)	(5,683)	(1,360,835)
Cash flows from financing activities:			
Decrease in subordinated loans	—	(5,000)	—
Proceeds from issuance of subordinated bonds	—	5,000	—
Redemption of subordinated bonds	—	(2,000)	—
Proceeds from issuance of stock	—	31,500	—
Payment of cash dividends	(2,389)	(7,999)	(23,847)
Payment of cash dividends to minority interests	(4)	(4)	(42)
Net cash provided by (used in) financing activities	(2,393)	21,496	(23,889)
Foreign currency translation adjustments of cash and cash equivalents			
	(63)	26	(633)
Net increase (decrease) in cash and cash equivalents	7,024	(127,711)	70,110
Cash and cash equivalents at beginning of year	56,183	104,662	560,772
Increase in cash and cash equivalents due to merger	—	79,233	—
Cash and cash equivalents at end of year	¥ 63,208	¥ 56,183	\$ 630,882